

# Your County, Your Government

## *Your County Revenues*



Fact Sheet #4  
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There are six general sources of revenue that is under the direction of elected officials for local government in Florida. Perhaps a more accurate way to explain revenues is identify them as restricted or unrestricted or controllable or uncontrollable in the amount collected and how they are used by the county.

### **Restricted Revenues vs. Unrestricted Revenues**

Restricted revenue is exactly what it sounds like. The money comes to the county for a specific project and it has restrictions on how or what the money can be spent. This money can not be moved or be used for other line items in the county's budget. Examples include federal and state grants; fuel taxes; local option sales taxes; tourist development taxes; municipal service benefit units (MSBU) assessments; loans; and, agreements with other governments when we join together on a specific project and they send us funding to manage and pay for the project.

Unrestricted revenue is funding that can be spent for any lawful purpose. Examples can include property tax or ad valorem taxes, franchise fees, many licenses and permit fees, the county's portion of the state sales tax, and charges for services provided by the county. This funding can be moved from one line item to another in the county's budget, but the budget plan and any changes to that plan must be approved by a majority vote of the county commissioners.

### **Controllable vs. Uncontrollable Revenue**

Another important distinction is whether or not revenue is controllable by the county. In some cases a stream of revenue is like an "on/off switch," where the only control the county has is whether we have the revenue, but not how much is received. One example is the electrical franchise fee. We can either have the franchise fee or not, but we don't control how much we will receive from the electric companies. That is dependent on the number of users and the services they purchase.

Property tax can be thought of as controllable. The Property Appraiser provides all local governments with a Certificate of Taxable Value in early July of each year. The county can control some aspects of the millage rate, or the amount of the property tax charge per \$1,000 in assessed property value.

There are many charges that are set by the government with the intent to simply offset the cost to perform the service, but with no idea of how much that service will be demanded. The charges can be thought of as uncontrollable. An example is planning and zoning fees. While the amount of the fee may be controllable, the volume of the rezonings is a complete unknown. We have no control over the demand for this activity. To some extent almost all "user fees" fall into this category including: Fines and Forfeits, building permits, occupational licenses and most miscellaneous revenues. Another area of uncontrollable revenue is state shared revenues. Here the State sets the rate, collects, and transfers the earnings to each county in accordance with a distribution formula. In the last year, the amount has been dramatically reduced by the state.

### **Where Does the Money Come From?**

So just where does the money come from? On the next two pages, see where the six general sources of revenue come from and how they may be used.

<b>TAXES</b>	<p><b>Ad Valorem Taxes</b> – The Ad Valorem Tax or Property Tax is a tax based upon the assessed value of property. Ad valorem taxes are considered general revenue for general purpose local governments (i.e., county, municipality, or consolidated city-county government) as well as for school districts. A large majority of revenue for Santa Rosa County is from Ad Valorem Taxes. Estimated receipts for the 2007/2008 fiscal year are \$53,971,300.</p>
	<p><b>Franchise Fees</b> – Franchise Fees are fees imposed upon a utility for the grant of a franchise and the privilege of using local government’s rights-of-way to conduct the utility business. Franchise Fee receipts can be used for any lawful purpose and are allocated at the direction of the Board of County Commissioners. The current allocation is based on the following distribution ratio: 50% toward Road, Bridge and/or Drainage Projects; 40% towards Recreation Projects; and 10% toward Economic Development Activities. Estimated receipts for the 2007/2008 fiscal year are \$4,940,000.</p>
	<p><b>Communications Service Tax</b> – A communications service tax is imposed on retail sales of communications services to include voice, data, audio, video, or any other information or signals, including cable services that are transmitted by any medium. The proceeds may be used for any public purpose. Estimated receipts for the 2007/2008 fiscal year are \$1,379,690.</p>
	<p><b>Tourist Development Tax</b> – This tax is imposed on every person who rents, leases, or lets for consideration any living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, roominghouse, mobile home park, recreational vehicle park, or condominium for a term of six months or less. Generally, the revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance; however, the authorized uses vary according to the particular levy. Estimated receipts for the 2007/2008 fiscal year are \$676,020.</p>
<b>FUEL TAXES</b>	<p><b>Fuel Taxes</b> – Represent taxes imposed on the purchase of fuel in the County. Revenue received is used to fund transportation expenditures. The four main types of fuel taxes include the Ninth-cent Fuel Tax, Local Option Fuel Tax, Constitutional Fuel Tax and County Fuel Tax. Estimated receipts for these taxes for the 2007/2008 fiscal year are \$7,167,070.</p>
<b>LICENSES &amp; PERMITS</b>	<p><b>Professional &amp; Occupational Licenses</b> - County and municipal governments are eligible to levy, by appropriate resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. The tax proceeds can be considered general revenue for the county or municipality. Estimated receipts for the 2007/2008 fiscal year are \$114,000.</p>
	<p><b>Building Permits and Zoning Fees</b> - Regulatory fees charged to offset the cost of providing a service or facility or regulating an activity. Receipts are used to fund the Building Inspection and Planning &amp; Zoning Departments. Estimated receipts for the 2007/2008 fiscal year are \$2,375,000.</p>

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INTERGOVERNMENTAL	<b>Federal Grants &amp; State Grants</b> – Represent revenue received from Federal and State sources in the form of grants to be used for the specific purpose for which the Grantor specifies. Grants are solicited on an as-needed basis.
	<b>County Revenue Sharing</b> - State-shared revenue programs allocate a portion of a state-collected tax to specified local governments based on eligibility requirements. Proceeds derived from other shared revenues may be used for the general revenue needs of local governments. Estimated receipts for the 2007/2008 fiscal year are \$3,135,000.
	<b>Local Half-cent Sales Tax</b> – The State distributes a portion of state sales tax revenue via three separate distributions to eligible county or municipal governments. The purpose of the Half-cent Sales Tax is to provide relief from ad valorem and utility taxes in addition to providing counties and municipalities with revenues for local programs. Estimated receipts for the 2007/2008 fiscal year are \$5,408,960.
	<i>This revenue source is not the same as the half-cent local <u>option</u> sales tax that is used by the School Board to fund Capital Projects. Santa Rosa County does not currently have a local option sales tax which requires a majority vote of the county's governing body and approval by voters in a countywide referendum.</i>
CHARGES FOR SERVICES	<b>Charges for Services</b> – Represent fees and charges for various County services. Examples of charges for services include Court Fees, E-911 Phone Fees, Engineering Fees, Water/Sewer Fees, Hanger Lease Fees or Landfill Fees. Charges for Services are generally used to offset the cost of the providing the service.
FINES & FORFEITS	<b>Intergovernmental Communications Program (ICP)</b> - A fee in the amount of \$12.50 for each moving traffic violation is imposed and is used to fund the county's participation in an intergovernmental radio communication program. Estimated receipts for the 2007/2008 fiscal year are \$228,000.
MISCELLANEOUS	<b>Miscellaneous</b> – Miscellaneous revenues include interest earned, gains or losses on investments, lease fees, donations and contributions, and sale of surplus equipment.
	<b>Impact Fees</b> – Impact fees represent a total or partial reimbursement to local governments for the cost of additional facilities or services necessary as the result of new development. Santa Rosa County imposes a Transportation or Road Impact Fee on all new construction to offset the cost of construction for new roadway capacity and capacity projects. Santa Rosa County does not have an estimate for receipts in the 2007/2008 fiscal year due to the uncertain nature of new growth; however impact fee receipts for the 2006/2007 fiscal year were \$ 3,932,878.
	<b>Special Assessments</b> – Service charges or special assessments imposed on property owner to fund the cost of a service or improvement when a direct benefit is received to the property owner. Special assessments include MSBUs and MSTUs. Funds generated through special assessments fund the cost of the service or improvement and any related debt service payments.

